

## Message Text

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PAGE 01 STATE 116787  
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INFO OCT-01 IO-14 ISO-00 AID-05 OPIC-06 L-03 FRB-01  
OMB-01 ITC-01 SP-02 ICA-20 AGRE-00 CIAE-00  
COME-00 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01  
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APPROVED BY EB/IFD/ODF:AFWATSON  
EB/ORF/FPG:SJOHNSON  
EB/ITP/GCP:SLYNN  
AID/IIA/EA/IEA:KJAY  
IO/IEP:EBRUCE  
EB/IFD/OMA:BCROWE  
OPIC:JDILL  
AID/PPC/IA/UN:LLAUFER

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FM SECSTATE WASHDC  
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INFO USMISSION USUN NEW YORK

UNCLAS STATE 116787

E.O. 11652: N/A

TAGS: UNCTAD

SUBJECT: UNCTAD--SPECIAL MEASURES IN FAVOR OF LEAST  
DEVELOPED COUNTRIES

REF: (A) 1977 GENEVA 326, (B) 1977 GENEVA A-334,  
(C) GENEVA A-104, AND (D) GENEVA 6011

1. BELOW IS THE UNITED STATES' SUBMISSION IN RESPONSE TO  
THE UNCTAD SECRETARY GENERAL'S REQUEST FOR INFORMATION ON  
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SPECIAL MEASURES AND SPECIFIC ACTIONS IN FAVOR OF THE  
LEAST DEVELOPED COUNTRIES WHICH THE UNITED STATES HAS  
TAKEN.

2. BEGIN TEXT:

SPECIAL MEASURES AND ACTIONS THE UNITED STATES HAS TAKEN

IN FAVOR OF THE LEAST DEVELOPED COUNTRIES

THE UNITED STATES RECOGNIZES THAT THE SPECIAL PROBLEMS OF THE LEAST DEVELOPED COUNTRIES REQUIRE PARTICULAR ATTENTION. SINCE JANUARY 1973, THE USAID HAS OPERATED UNDER A SPECIFIC POLICY DETERMINATION MAKING SPECIAL MEASURES FOR THE LEAST DEVELOPED A CENTRAL ASPECT OF U.S. POLICY.

THE UNITED STATES HAS STEADILY INCREASED ITS OFFICIAL DEVELOPMENT ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES. IN THE CURRENT FISCAL YEAR (FY 78), IT IS FUNDING BILATERAL ASSISTANCE (BOTH DEVELOPMENT AND FOOD ASSISTANCE) WORTH \$356 MILLION TO 23 OF THE 30 LEAST DEVELOPED COUNTRIES. THE U.S. COMMITMENT AT THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION TO CONTRIBUTE \$375 MILLION TO A SPECIAL ACTION PROGRAM FOR LOW-INCOME COUNTRIES WILL MEAN FURTHER INCREASES IN BILATERAL ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES. THE UNITED STATES EXPECTS TO PROVIDE THE LEAST DEVELOPED COUNTRIES IN FY 79 \$400 MILLION IN BILATERAL ASSISTANCE, AN INCREASE OF \$44 MILLION OVER 1978.

DURING THESE PAST FIVE YEARS, THE UNITED STATES INCREASINGLY HAS SUBSTITUTED GRANTS FOR LOANS IN ITS BILATERAL ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES. IT EXPECTS TO COMPLETE THIS TRANSFORMATION DURING THE CURRENT UNCLASSIFIED

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RENT YEAR AS FAR AS AID ASSISTANCE IS CONCERNED. HENCEFORTH, ALL TECHNICAL AND FINANCIAL ASSISTANCE TO THE LEAST DEVELOPED COUNTRIES SHOULD BE ENTIRELY IN THE FORM OF GRANTS. FOOD AID REMAINS DIVIDED INTO LOAN AND GRANT CATEGORIES. HOWEVER, UNDER RECENTLY ENACTED LEGISLATION, THE LEAST DEVELOPED COUNTRIES AND OTHER POORER DEVELOPING COUNTRIES WILL BE ELIGIBLE TO NEGOTIATE SPECIAL ARRANGEMENTS FOR THE USE OF PROCEEDS FROM SALES OF LOAN-FINANCED FOOD. THESE PROCEEDS WILL THEN BE USED FOR MUTUALLY AGREED DEVELOPMENT PURPOSES IN THE LEAST DEVELOPED COUNTRIES AND BE COUNTED TOWARD REPAYMENT OF THE U.S. FOOD AID LOANS, THUS EFFECTIVELY TURNING THEM INTO GRANTS.

IN ADDITION TO PHASING OUT LOANS IN FAVOR OF GRANTS, THE AID POLICY DETERMINATION FOR THE LEAST DEVELOPED COUNTRIES ALSO CALLS FOR:

- RELAXATION OF REQUIREMENTS FOR LOCAL COST FINANCING;
- THE FINANCING FOR RECURRENT EXPEDITURES;
- UNTYING ASSISTANCE FOR GOODS AND PERSONNEL SERVICES; AND,
- GREATER FLEXIBILITY IN REQUIREMENTS FOR COUNTERPART

PERSONNEL, ADMINISTRATIVE PROCEDURES, AND LOCAL SUPPORT NEEDS.

CONSIDERABLE PROGRESS HAS BEEN MADE IN ALL OF THESE AREAS. THE UNITED STATES UNDER CERTAIN SPECIFIC CONDITIONS CAN WAIVE THE HOST GOVERNMENT CONTRIBUTION TO AID-SUPPORTED PROJECTS WHICH IS NORMALLY REQUIRED. RECURRENT COSTS CAN BE FUNDED FOR LIMITED TIME PERIODS UNDER OTHER CIRCUMSTANCES. SINCE 1970, ALL AID LOANS HAVE BEEN OPEN TO

PROCUREMENT FROM FREE WORLD DEVELOPING COUNTRIES. THIS PROVISION WAS BROADENED LAST YEAR TO INCLUDE ALL GRANTS TO THE LEAST DEVELOPED COUNTRIES.

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IN ORDER TO IMPROVE NET ODA FLOWS, THE UNITED STATES, IN THE MARCH MINISTERIAL MEETING OF THE TRADE AND DEVELOPMENT BOARD, ALSO AGREED TO SEEK TO ADOPT MEASURES FOR AN ADJUSTMENT OF THE TERMS OF PAST BILATERAL OFFICIAL DEVELOPMENT ASSISTANCE TO BRING THEM INTO LINE WITH THE CURRENTLY

PREVAILING SOFTER TERMS OR TO TAKE OTHER EQUIVALENT MEASURES.

THE PEACE CORPS HAS WORKED OUT DEVELOPMENT PROJECTS--RANGING FROM VOCATIONAL TRAINING TO HORTICULTURE, FISHERIES, MATERNAL AND CHILD HEALTH, WATER SUPPLY, AND ALTERNATE ENERGY PRODUCTION--WITH THE GOVERNMENTS OF 15 LEAST DEVELOPED COUNTRIES. IN THE CURRENT FISCAL YEAR, ABOUT 90 AMERICAN VOLUNTEERS ARE WORKING EACH OF THESE COUNTRIES.

THE OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC) IS DIRECTED BY THE CONGRESS TO GIVE PREFERENTIAL CONSIDERATION TO ASSISTING INVESTMENT PROJECTS IN THE LOWEST INCOME LDCS (BELOW \$520 PER CAPITA GNP IN 1975 DOLLARS). WHILE ACTIVE IN THIS LARGER GROUP OF NATIONS, DURING THE PAST YEAR OPIC INSURED INVESTMENTS WORTH ABOUT \$4.6 MILLION IN 3 OF THE LEAST DEVELOPED NATIONS.

IN THE COMING YEAR, OPIC WILL EXPAND SIGNIFICANTLY ITS ACTIVE PROJECT PROMOTION EFFORTS FOR THE LOWEST INCOME COUNTRIES, INCLUDING THE LEAST DEVELOPED COUNTRIES. THESE EFFORTS WILL INCLUDE, AMONG OTHERS, INVESTMENT MISSIONS FOR U.S. INVESTORS TO VISIT THE LDCS, INVESTMENT OPPORTUNITY SEMINARS IN THE UNITED STATES, AND FINANCIAL ASSISTANCE FOR PROJECT FEASIBILITY STUDIES. IN CONJUNCTION WITH THESE EFFORTS, OPIC WILL INTENSIFY ITS EFFORTS TO ENABLE

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SMALL U.S. BUSINESS UNFAMILIAR WITH FOREIGN INVESTMENT TO IDENTIFY AND UNDERTAKE PROJECTS IN THE LOWEST INCOME LDCS. THESE EFFORTS ALREADY HAVE RESULTED IN SEVERAL NEW PROJECTS THIS YEAR.

SEVERAL LEAST DEVELOPED COUNTRIES ARE BENEFITING INCREASINGLY FROM THE U.S. SYSTEM OF PREFERENCES. A TOTAL OF \$32.2 MILLION OF EXPORTS FROM THE LEAST DEVELOPED

COUNTRIES ENTERED THE UNITED STATES DUTY FREE UNDER GSP IN 1977. THE U.S. GSP SYSTEM IS DESIGNED TO ENSURE THAT PREFERENTIAL TREATMENT IS RESERVED FOR DEVELOPING COUNTRIES THAT ARE NOT ALREADY COMPETITIVE IN THE WORLD MARKET IN SPECIFIC PRODUCTS, SO THE LEAST DEVELOPED COUNTRIES ARE NOT LIKELY TO LOSE PREFERENTIAL TREATMENT.

THE TARIFF OFFER RECENTLY TABLED BY THE UNITED STATES IN THE MULTILATERAL TRADE NEGOTIATIONS (MTN) PROVIDES REDUCTIONS TO THE LEAST DEVELOPED WHICH ARE, FOR THE MOST PART, GREATER THAN THE AVERAGE REDUCTION ON ALL OF ITS MOST-FAVORED-NATION IMPORTS.

IT IS UNITED STATES POLICY TO CHANNEL A PORTION OF ITS ASSISTANCE THROUGH MULTILATERAL ORGANIZATIONS INCLUDING THE UN DEVELOPMENT PROGRAM AND THE INTERNATIONAL FINANCIAL INSTITUTIONS. THE LEAST DEVELOPED COUNTRIES RECEIVE A SUBSTANTIAL SHARE OF THIS ASSISTANCE. THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) BRINGS ESPECIALLY VALUABLE ASSISTANCE TO 24 OF THE LEAST DEVELOPED COUNTRIES. THIRTY-THREE PERCENT OF IDA'S LOAN VOLUME AND 51 PERCENT OF IDA PROJECTS HAVE INVOLVED THE LEAST DEVELOPED. THE U.S. HAS SUPPORTED THE RECENT \$7.6 BILLION REPLENISHMENT OF IDA, AS WELL AS OTHER RECENT REPLENISHMENTS OF THE REGIONAL DEVELOPMENT BANKS.

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SAHEL, AN IMAGINATIVE EFFORT WHICH THE INTERNATIONAL COMMUNITY HAS UNDERTAKEN TO HELP SOLVE THE MASSIVE PROBLEMS OF SOME OF THE POOREST COUNTRIES IN AFRICA. ONE AIM OF THE MULTIDONOR PROJECT IS TO HELP THE LAND-LOCKED COUNTRIES IN THE SAHEL TO INTEGRATE THEIR ECONOMIES WITH THOSE OF THEIR COASTAL NEIGHBORS. THE U.S. IS CONTRIBUTING \$50 MILLION TO THE SAHEL PROGRAM IN FY 78 AND HAS REQUESTED

\$90 MILLION FOR FY 79. FUNDING OF THIS AND OTHER REGIONAL PROJECTS IS IN ADDITION TO TOTALS ALREADY GIVEN FOR U.S. BILATERAL AID TO THE LEAST DEVELOPED COUNTRIES.

THE UNITED STATES RECOGNIZES THAT SOME LAND-LOCKED AND SOME ISLAND DEVELOPING COUNTRIES HAVE PROBLEMS RELATED TO THEIR GEOGRAPHIC POSITIONS WHICH MAY REQUIRE SPECIAL ACTION. IT BELIEVES SUCH ACTION MUST BE CONSIDERED WITHIN THE CONTEXT OF EACH COUNTRY'S OWN DEVELOPMENT PLANS AND POLICIES. THE UNITED STATES CONSIDERS THE PARTICULAR NEEDS OF THE LAND-LOCKED AND THE ISLAND DEVELOPING COUNTRIES IN DISCUSSING ITS DEVELOPMENT ASSISTANCE PROGRAM WITH THE COUNTRIES OR REGIONAL GROUPS CONCERNED.

FOR EXAMPLE, THE UNITED STATES PARTICIPATES IN THE CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT WHICH RECENTLY WAS ESTABLISHED TO GIVE ASSISTANCE TO CARIBBEAN NATIONS, MANY OF WHICH ARE ISLAND COUNTRIES. THE UNITED STATES EXPECTS TO PROVIDE \$64 MILLION IN LOANS AND GRANTS TO CARIBBEAN COUNTRIES IN FISCAL YEAR 78 AND \$87 MILLION IN FISCAL YEAR 79. SIMILARLY, U.S. ASSISTANCE TO COUNTRIES IN THE SAHEL REGION OF AFRICA WILL HELP THEM OVERCOME THE PROBLEMS POSED BY THEIR GEOGRAPHIC POSITIONS.

END TEXT. VANCE

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PAGE 01 STATE 116787  
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INFO OCT-01 ISO-00 /013 R

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APPROVED BY:EUR/RPE:AALBRECHT

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AMEMBASSY PARIS

UNCLAS STATE 116787

USEEC, USOECD

FOL STATE 116787 SENT ACTION GENEVA INFO USUN MAY 8, 1978

REPEATED TO YOU QUOTE

UNCLAS STATE 116787

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## Message Attributes

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**Type:** TE  
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